GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:3425
ANSWERED ON:17.08.2005
DEVELOPMENT OF BASIC INFRASTRUCTURE
Mahato Shri Sunil Kumar;Reddy Shri Karunakara G.;Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal;Thummar Shri Virjibhai

Will the Minister of PLANNING be pleased to state:

(a) whether the Union Government has approved the policy relating to formulation of projects in various spheres to the private sector as part of development of basic infrastructure in the country;

(b) if so, details thereof;

(c) whether 40% of the costs of these projects is expected to be borne by the private sector and the rest by the Government;

(d) if not, the facts in this regard;

(e) the margin of profit of the private sector as determined on the basis of capital investments to be made by them; and

(f) the role assigned to domestic and foreign investors by the Government for the development of infrastructural facilities in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a) to (f): A Committee on Infrastructure has been set up under the chairmanship of Prime Minister to create an enabling environment for world class infrastructure in the country. The steps include encouraging investors − both domestic and foreign − through Public Private Partnership to invest in infrastructure projects. However, since many infrastructure projects may not be commercially viable, and, therefore, not attractive to investors, a scheme to provide Viability Gap Funding for such projects has been approved. The scheme envisages that the total Viability Gap Funding under this scheme shall not exceed twenty percent of Total Project Cost provided that the Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget, but not exceeding further twenty percent of the Total Project Cost. The amount of Viability Gap Funding will be determined for each project by competitive bidding. The remaining capital cost would be borne by the investors.